

Private Dealer Does a Brisk Business

Following is the last of a series of articles on the international arms trade.

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"While Mr. Nasser's tanks were still burning," said Samuel Cummings, the world's leading private arms merchant, "we were already negotiating with Israelis for the light weapons."

These "light weapons" were about 70,000 Soviet-made rifles and several thousand pistols. They were abandoned along with large stocks of ammunition by the fleeing troops of President Gamal Abdel Nasser of the United Arab Republic during the Arab-Israeli war last month.

Mr. Cummings, president of the International Armaments Corporation, intends to purchase the bulk of the captured weapons and ammunition from the Israeli Government for sale to sportsmen and collectors in the United States and other communist countries.

War With Imported Weapons

The Arab-Israeli war, fought entirely with imported weapons, was but one manifestation of a growing international problem—the rapid build-up of conventional arms in the developing countries.

In the five-year period ended June 30, 1966, the United States, through the Defense Department's arms salesman, Henry J. Kuss Jr., a much bigger arms merchant than Mr. Cummings, \$11.1-billion worth of weapons, 89 per cent of which went to the North Atlantic Treaty Organization allies and to Australia and Japan.

No percentage breakdown is available for the \$1.5-billion worth sold in the fiscal year ended June 30. Mr. Kuss intends to maintain sales of about \$2-billion a year until 1975. Sales combined with grants totaled about \$3-billion a year in arms exports.

The Administration defends the sales as necessary to strengthen allies, to promote political objectives and to ease the United States balance of payments.

Mr. Kuss professes puzzlement at the increasing concern in Congress and elsewhere over his operations, a concern which has been deepened by the Arab-Israeli war—the third since 1948.

in Surplus Armaments

A 'Natural Outgrowth'

"It was such a natural outgrowth of what the United States had been doing all along," he said, referring to the vast grant aid program of the nineteen-fifties, when the United States distributed \$17-billion in arms free of charge.

"Congress complained for years" about giving away arms, he said. "Why the complaining now that we're selling them?" he asked.

One of the complaints was by the Senate Foreign Relations Committee. A staff study in January said:

"In Europe, American arms salesmanship has often been zealous to the point of irritation and overpowering to the point of encouraging the Europeans to compete more aggressively for the arms markets in the underdeveloped regions of the world."

The usual Defense Department reply to this criticism is that only 11 per cent of the arms have gone to the underdeveloped countries. All sales in this category, they maintain, are carefully coordinated with the State Department and the other responsible Government agencies.

But 11 per cent of the \$11.1-billion in sales as of June 30, 1966, means that arms worth \$1.22-billion were sold to the sensitive underdeveloped regions in the five-year period. About \$998-million of this \$1.22-billion has gone to the most explosive areas—the Middle East, India and Pakistan.

Secondary Sales Problem

There is also growing evidence that the sales to European allies are worsening the serious surplus problem there, with the result that the Europeans sell their secondhand weapons to the developing countries in order to recover some of the foreign exchange they have handed to Mr. Kuss for new American arms.

The United States has already been pushed into one arms sale in Latin America, 25 A-4 Skyhawk jet attack bombers to Argentina in 1965 to prevent the Argentines from diverting foreign exchange for British planes.

Secretary of Defense Robert S. McNamara acknowledged during Congressional testimony in April, 1966, that the sale had been made for economic reasons.

What relationship did the sales have to the maintenance of internal security in Argentina? Mr. McNamara was asked. "The answer is nothing," he replied, "absolutely nothing."

He explained that the alternative would have been to see Argentina purchase planes from "another nation at a much higher price, which would involve a much greater diversion from her economic resources."

A Chain Reaction

The sale to Argentina prompted Chile, which has always considered Argentina a potential threat, to ask for Skyhawks too. Since the planes could not be supplied because of the Vietnam war, Chile paid Britain, the "other nation" that had made the original sales of fer to Argentina, about \$20-

million for 21 Hawker-Hunter jets.

The Chilean purchase then led Peru to seek jets as well. The United States offered the Peruvians 15 old-model F-86 jet fighter-bombers. The Peruvians turned down the offer. They wanted more modern planes and they are reported to be preparing to purchase supersonic Mirage fighter-bombers from France.

The acquisition of Mirages by Peru could heighten the arms competition, since the Latin countries now possess only subsonic jets.

Mr. Kuss inadvertently provided some testimony last year on why the Europeans are seeking to recover foreign exchange spent on American weapons.

He told the Los Angeles World Affairs Council "that while military exports constitute less than 5 per cent of the total defense business in the United States, they constitute a much more significant proportion of the balance of the free world's defense business, running 15 to 20 per cent average and sometimes 50 to 75 per cent of individual or country defense expenditures."

European nations are also selling their own newly manufactured and second hand arms to the developing regions because Mr. Kuss's aggressive salesmanship and the superior quality of American weapons have hurt sales by the Europeans.

After Britain lost out to Mr. Kuss on a \$37-million tank sale to Italy in the spring of 1965, Prime Minister Wilson decided to intensify Britain's arms export business.

France is exporting about 40 per cent of her aerospace production, much of it to the developing countries. Paris has ignored the United Nations arms embargo against South Africa and since 1963 has sold that country about \$300-million in jet fighters, tanks and helicopters and is expected to sell submarines there soon.

Israel's 250 fighters and 50 bombers were all French-made—Mirage, Mystere, Ouragan and Vautour models.

A study of the international arms traffic published in October by the Institute of Strategic Studies in London estimated that as of 1965 about \$1.2-billion worth of arms was flowing annually into the underdeveloped regions.

This total included about \$450-million from the United States, both sales and grants, \$400-million from the Soviet Union, \$200-million from France and \$150-million from Britain. The flow from the Soviet Union has grown since 1965.

In sales alone, Defense Department statistics show that American arms purchased by and actually delivered to the developing countries have increased 13 times over five years from \$34-million in the 1962 fiscal year to \$444-million in the 1966 fiscal year.

Italy, West Germany, Canada, Sweden, Switzerland and Belgium are providing additional weapons in smaller but still significant quantities.

The problem of controlling the flow of arms to the underdeveloped regions has been complicated by the burgeoning demand since World War II.

The number of independent states has risen from 50 to 120. Each new nation seeks arms for everything from an independence day parade to crushing an internal rebellion or pursuing a territorial dispute with a neighbor.

Supply and Demand Rise

The supply of weapons and the number of suppliers have swollen along with the demand. Until 1955, the United States and Britain exercised a virtual monopoly over arms traffic to the so-called third world, and